

**AIRPORT  
COMMISSION:**

Concession Audit of  
Alitalia Aeree Italiane

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Audit Number 01012  
August 22, 2001



Edward Harrington  
ControllerMatthew H. Hymel  
Chief Assistant Controller

August 22, 2001

Audit Number: 01012

San Francisco Airport Commission  
San Francisco International Airport  
San Francisco, CA 94128

## President and Members:

The Controller's Audits Division contracted with Yano & Associates to conduct an audit of Alitalia Aeree Italiane (Aeree Italiane). Attached is the report prepared by Yano & Associates concerning their review of Aeree Italiane. Aeree Italiane has an agreement with the Airport Commission of the City and County of San Francisco to use the landing field facilities at the San Francisco International Airport for its air transportation business.

**Reporting Period:** June 1, 1999 through December 31, 2000**Landing Fees Paid:** \$365,335**Results:**

Yano Accountancy Corporation found that Aeree Italiane correctly reported the number of its aircraft landings and correctly paid its landing fees to the Airport Department.

Respectfully submitted,

NORIAKI HIRASUNA  
Director



**ALITALIA AEREE ITALIANE**  
**REPORT ON AGREED-UPON PROCEDURES**  
**OF THE ACCURACY OF REPORTED LANDING FEES**  
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# *Nano Accountancy Corporation*

Litigation and Financial Consulting • Forensic Accounting  
Certified Public Accountants

## **REPORT OF INDEPENDENT ACCOUNTANTS ON APPLYING AGREED-UPON PROCEDURES**

San Francisco Airport Commission  
San Francisco International Airport  
San Francisco, CA 94128

President and Members:


We have performed the procedures enumerated in Appendix A, which were agreed to by Alitalia Aeree Italiane and the City and County of San Francisco ("City"), solely to assist in determining the accuracy of the amount of landing fees due from Alitalia Aeree Italiane to the San Francisco International Airport, a department of the City during the period from June 1, 1999 to December 31, 2000. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of Alitalia and the City. Consequently, we make no representation regarding the sufficiency of the procedures described in Appendix A, either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Alitalia Aeree Italiane and the City and County of San Francisco, and is not intended to be and should not be used by anyone other than these specified parties.

*Nano Accountancy Corporation*

June 27, 2001



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**ALITALIA AEREE ITALIANE**  
**SUMMARY OF LANDINGS AND LANDING FEES**  
**for the period from June 1, 1999 to December 31, 2000**

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For the period from June 1, 1999 through December 31, 2000, Alitalia Aeree Italiane correctly reported 582 revenue aircraft landings and correctly paid \$365,335 in landing fees to the Airport. Table 1 shows Alitalia Aeree Italiane reported revenue aircraft landings and landing fees paid to the airport.

**Table 1**  
**Alitalia Aeree Italiane**  
**Revenue Aircraft Landings and Fees Paid**  
**June 1, 1999 through December 31, 2000**

	Number of Landings	Landing Fees Paid
June 1, 1999 through June 30, 1999	28	\$ 13,126
July 1, 1999 through June 30, 2000	367	232,346
July 1, 2000 through December 31, 2000	<u>187</u>	<u>119,863</u>
<b>Total</b>	<u>582</u>	<u>\$ 365,335</u>

Fees not paid on a timely basis are subject to a service charge of one and one-half percent per month. There are no unpaid landing fees and service charges due to San Francisco International Airport from Alitalia Aeree Italiane as of June 27, 2001.

See Report of Independent Accountants on Applying Agreed-Upon Procedures.



## PLANNING

- Conducted an entrance conference with a representative of the airline to explain the general nature of the work to be performed.
- Requested that each airline complete a questionnaire on internal controls over the accumulation and summarization of aircraft landings into the monthly *MATAR* reports submitted to the Airport.
- Evaluated the responses to the questionnaire on internal control provided by the airline.

## SUMMARIZATION OF MONTHLY INFORMATION

- Obtained the San Francisco International Airport ("Airport") *Landing Report*, *Landing Weight Report*, *Landing Fee Report*, and fee rates in effect for each fiscal year during the audit period.
- Entered the monthly landing weights into a computer spreadsheet and generated a bar graph of year-to-year comparisons for each month of the year.
- Analyzed the bar graph to identify any unusual variations.
- Summarized fees paid by the airline to the Airport by fiscal year.
- Obtained *MATAR* reports from the Airport's Accounting Department for each month in the audit period.
- Calculated total landings from the *MATAR* report by fiscal year.
- Compared the calculated total landings from the preceding procedure to the total landings calculated by the Airport in its Landing Reports.
- Obtained copies of the:
  - Aircraft operations manual pages from the airline that shows the maximum landing weights for all aircraft types landed by the airline during each of the sample months previously selected.
  - Obtained a listing of aircraft tail numbers that landed at the Airport and the corresponding aircraft types.
- Verified the reasonableness of these maximum landing weights by reference to maximum landing weights of similar aircraft reported by other airlines in the Airport's Landing Reports.



- Converted the maximum landing weights from kilograms to pounds, and compared these converted landing weights to the landing weights included in the Airport's Landing Reports.
- Obtained summaries of landings for each month during the audit period, and compared total landings in these summaries to totals reported in the MATAR reports.

#### **TESTING OF MONTHLY REPORTS**

- Selected, using a random number generator, one month from each calendar year during the audit period.
- Obtained the airline's flight schedule for the sample month in each calendar year and compared total scheduled arrivals in the flight schedule to the actual landings reported in the MATAR.
- Obtained the daily flight logs for each of the sample months, recalculated total landings by aircraft type, and compared the totals by aircraft type to the Airport's Landing Reports.

#### **PREPARATION OF THE REPORT**

- Summarized the findings that resulted from the above agreed-upon procedures.
- Prepared the draft report.
- Provided the draft report to the airline for comments and its written response.
- Prepared the final report.





